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COMMONWEALTH OF VIRGINIA

STATE CORPORATION COMMISSION

AT RICHMOND, FEBRUARY 11, 2003

APPLICATION OF

VIRGINIA NATURAL GAS, INC.

CASE NO. PUE-2002-00648

For waiver of gas pipeline  
safety requirements of  
49 C.F.R. Part 193

ORDER GRANTING MOTION TO WITHDRAW

On November 21, 2002, Virginia Natural Gas, Inc. ("VNG" or the "Company") filed an application requesting a waiver for a period of three years of certain gas pipeline safety standards found at 49 C.F.R. Part 193, which address Liquefied Natural Gas ("LNG") facilities. Specifically, the Company requested a waiver of 49 C.F.R. §§ 193.2057 and 193.2059 for three years for the construction and operation of a satellite LNG facility to be located in Chesapeake, Virginia, on VNG's property.

On November 25, 2002, the Company supplemented its application, providing additional details concerning this project.

On November 27, 2002, the Commission issued its procedural order in this matter. In that Order, the Commission directed the Company to publish notice of its application, required the Company to serve a copy of the order on local officials, and

invited interested persons to file comments or requests for hearing on the application on or before December 20, 2002. The November 27, 2002 Order further directed the Commission Staff to file a report which could take the form of testimony, on VNG's application on or before December 30, 2002.

On December 20, 2002, the Virginia Industrial Gas User's Association ("VIGUA") filed a "Notice of Participation, Request for Hearing, and Motion to Consolidate and Expand Scope of Proceeding in this proceeding."

On December 30, 2002, the Staff, by counsel, filed a Response to VIGUA's Motion, urging the Commission to deny VIGUA's Motion.

On the same day, the Staff filed its Report in the matter. In its Report, the Staff recommended that the Commission grant the Company's request for a waiver of 49 C.F.R. § 193.2057 for the proposed facility and further recommended that the Commission require VNG to construct a fence along the southwest property line of VNG's Chesapeake Propane plant to ameliorate thermal flux concerns discussed in the Report. The Staff further recommended that the Commission direct VNG to install an alarm for the residents of adjacent mobile homes to alert these residents in case of an incident at the LNG plant and that the Commission require VNG to include procedures in the Company's emergency manual for the facility to educate nearby residents about the alarm and procedures for evacuation in case of an

incident at the LNG facility. Staff concluded that a waiver of 49 C.F.R. § 193.2059 was unnecessary.

On January 6, 2003, VNG filed its Response to VIGUA's Motion, urging the Commission to deny the same.

VNG, by counsel, filed a Motion dated January 30, 2003, to withdraw the captioned application. In support of its filing, the Company advised that it had experienced difficulties in procuring the tanks that VNG's original design for the facility called for, and as a consequence, VNG intended to operate from tanker trucks during the current heating season. It noted that if any new design necessitates a waiver for future heating seasons, it would file a new application.

On February 4, 2003, VNG, by counsel, filed a Notice of Agreement in both the instant case and Case No. PUE-2002-00653, wherein VNG represented that counsel for VIGUA had no objection to the request for withdrawal.

NOW, UPON consideration of the Company's Motion to withdraw the foregoing application and the pleadings filed herein, the Commission is of the opinion and finds that VNG's Motion to withdraw Case No. PUE-2002-00648 should be granted, and that this matter should be dismissed from the Commission's docket of active proceedings.

Accordingly, IT IS ORDERED THAT:

(1) VNG's Motion dated January 30, 2003, is hereby granted.

(2) VNG is hereby granted leave to withdraw the captioned matter.

(3) This application is dismissed from the Commission's docket of active proceedings, and the papers filed herein shall be made a part of the Commission's files for ended causes.